

Department of Social and Health Services

DP Code/Title: PL-TI SCHIP Match

Program Level - 080 Medical Assistance

Budget Period: 2003-05 Version: H2 080 2003-05 2004 Sup-Agency Req

Recommendation Summary Text:

On August 15, 2003, President Bush signed House Resolution (HR) 2854, which allows states to have access to their remaining unspent Title XXI funds for an additional period. It also allows Washington to use a portion of its unspent Title XXI funds to help finance coverage of the state's expanded Medicaid children's coverage. Statewide result number 5.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	(2,859,000)	(3,485,000)	(6,344,000)
001-2 General Fund - Basic Account-Federal	11,632,000	14,264,000	25,896,000
760-1 Health Services Account-State	(8,724,000)	(10,698,000)	(19,422,000)
Total Cost	49,000	81,000	130,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.5	1.0	0.8

Package Description:

Under HR 2854, Washington State, plus at least seven other states, will be able to use up to 20 percent of their Federal Fiscal Year 1998-2001 Title XXI allotments for enhanced federal match to help finance coverage for Medicaid children whose family income exceeds 150 percent of the federal poverty level (FPL). Access to these funds for enhanced match is time limited. The Federal Fiscal Year 1998-2000 allotments can be used for services claimed from August 16, 2003 through September 30, 2004, and Federal Fiscal Year 2001 retained funds from August 16, 2003 through September 30, 2005. The amount claimed under this law will be the difference between the SCHIP match rate (65.00 percent) and the effective Medicaid rate (FMAP) at the time the program expenditures are made. The effective FMAP rate for Washington is 53.32 percent until September 30, 2003, 52.95 percent from October 1, 2003 through June 30, 2004, and 50 percent thereafter.* The enhancement for Medicaid children's coverage does not count towards the 10 percent Title XXI administrative limit that states can claim.

Qualifying states can elect to use up to 20 percent of their Federal Fiscal Year 1998-2001 Title XXI allotments for enhanced match for the qualifying Medicaid children's expenditures. The Center for Medicaid and Medicare Services (CMS) clarified that the allowance for this purpose will be based on 20 percent of a state's original allotment for that year, and not the retained/redistributed allotment for that year. Based on CMS estimates, Washington will have approximately \$41,264,000 that can be used for Medicaid coverage.

In order to qualify for the enhancement match, states cannot have more restrictive Medicaid eligibility than in effect on September 2, 2003. Washington has implemented several changes in program eligibility and adopted more stringent eligibility determination procedures. These changes were implemented prior to the September 2nd date and necessary State Plan Amendment (SPA) and Medicaid waiver changes were submitted to CMS prior to this date. Thus, Washington should be a qualifying state.

HR 2854 places certain restrictions on services that can receive enhancement match. No enhancement is available for Medicaid disproportionate share hospital (DSH) payments, or for expenditures receiving enhanced match, such as family planning, Medicaid coverage for women with breast and cervical cancer, or services to members of federally recognized Indian tribes.

There are a number of operational and claiming issues that will need to be addressed. Washington State does not have

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available income information on certain Medicaid eligibility groups (e.g., foster children who are Categorically Needy - Mandatory, children in Supplemental Security Income (SSI) etc.) in order to identify children above 150 percent of FPL. Because the ability to claim is time-limited, it would not be cost effective to make changes to the Automated Client Eligibility System (ACES) to allow DSHS to collect new income information. Staff at Medical Assistance Administration (MAA) have contacted the Social Security Administration, the agency that determines eligibility for clients on SSI and that collects income data on parents of children on SSI. It may be possible to perform a data match with SSA, to allow DSHS to determine which clients on SSI would qualify for the enhanced matching rate.

CMS has not developed parameters for this new program. Based on available information residing in ACES, there are only enough expansion children above 150 percent of FPL to utilize \$26 million of the \$41 million allowance (63 percent) in the 2003-05 Biennium. DSHS will work closely with CMS to determine the maximum level of flexibility allowed, such as whether DSHS can look at the income of foster and adoptive parents. If DSHS cannot get income information for certain clients, such as foster care or adoption support children, would the department be able to apply a percentage estimate? Example: If 20 percent of the expansion population is above 150 percent of FPL, could it be assumed 20 percent of foster care or adoption support children are as well? Must DSHS claim client-specific expenditures, or can a per capita cost be applied to the identified number of clients? These are the types of questions that must be answered before a final savings amount can be estimated. For purposes of this decision package, it is assumed that 63 percent (\$26 million) of the available funding will be captured.

Because income data is not available to readily identify all children in families with income at the prescribed level, the department will need additional staff resources to manually identify clients. Also, claims for these children reside in both the Medicaid Management Information System and the Social Service Payment System. One FTE is needed, starting no later than January 2004, through at least December 2006. TXXI claiming will be done retrospectively on this population, and it's assumed that we will have two years to identify all funds possible.

Offsets to state expenditures will be against both Health Services Account funds and General Fund-State, however the exact dollar amounts in each fund is unknown. For purposes of this decision package, it's assumed that 75 percent of the offset will be against HSA.

* The Jobs and Growth Tax Relief Reconciliation Act of 2003 (TRRA) allows states to claim an enhanced match of 2.95 percent for certain Medicaid services claimed during the period April 1, 2003, through June 30, 2004. TRRA also allows states to use their Federal Fiscal Year 2002 FMAP for the last two quarters of Federal Fiscal Year 2003 (April 1, 2003 through September 30, 2003) if their Federal Fiscal Year 2002 FMAP was greater than their Federal Fiscal Year 2003 rates. Thus, Washington could use its 50.37 percent Federal Fiscal Year 2002 FMAP plus 2.95 percent instead of its Federal Fiscal Year 2003 rate of 50.00 percent plus 2.95 percent. States having a greater Federal Fiscal Year 2003 FMAP rate than their Federal Fiscal Year 2004 rate can use their Federal Fiscal Year 2003 rate for the first three quarters of Federal Fiscal Year 2004.

Narrative Justification and Impact Statement

How contributes to strategic plan:

Enhances the ability of MAA to become a prudent purchaser of health care services, by maximizing federal funding.

Performance Measure Detail

Program: 080

Goal: 17H MAA will seek to maximize the use of available federal funds.

**Incremental Changes
FY 1**

FY 2

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Output Measures

01H	MAA will claim at least 45% of Title XIX SCHIP funding available to States under the 2003 provisions of H.R. 2458.	45%	45%
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Reason for change:

Collect additional revenue for services that would have been provided at a lower federal matching rate.

Impact on clients and services:

None

Impact on other state programs:

Additional revenue will reduce the potential for cuts to other state programs.

Relationship to capital budget:

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

Not applicable

Alternatives explored by agency:

None

Budget impacts in future biennia:

The enhanced funding is time-limited, ending September 30, 2005.

Distinction between one-time and ongoing costs:

The enhanced funding is time-limited, ending September 30, 2005.

Effects of non-funding:

None

Expenditure Calculations and Assumptions:

See attached - 2004 - TI SCHIP Match.xls

<u>Object Detail</u>		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding				
A	Salaries And Wages	29,000	58,000	87,000
B	Employee Benefits	6,000	12,000	18,000
E	Goods And Services	13,000	9,000	22,000
T	Intra-Agency Reimbursements	1,000	2,000	3,000
Total Objects		49,000	81,000	130,000

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DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	(2,859,000)	(3,485,000)	(6,344,000)
<i>Total for Fund 001-1</i>		<u>(2,859,000)</u>	<u>(3,485,000)</u>	<u>(6,344,000)</u>
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
767H	Children's Health Ins Prog (CHIP)	11,632,000	14,264,000	25,896,000
<i>Total for Fund 001-2</i>		<u>11,632,000</u>	<u>14,264,000</u>	<u>25,896,000</u>
Fund 760-1, Health Services Account-State				
<u>Sources</u>	<u>Title</u>			
7601	Health Services Account	(8,724,000)	(10,698,000)	(19,422,000)
<i>Total for Fund 760-1</i>		<u>(8,724,000)</u>	<u>(10,698,000)</u>	<u>(19,422,000)</u>
Total Overall Funding		<u>49,000</u>	<u>81,000</u>	<u>130,000</u>